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OFFICE OF REPORTS AND ESTIMATES

TRANSPORTATION DIVISION

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Weekly Intelligence Summary No. 91

SECTION I. SUMMARY OF TRENDS AND DEVELOPMENTS

The KETTLEMAN HILLS, a US-flag tanker which carried oil from the Black Sea to the Soviet Far East in August, has again been chartered for one voyage to the Soviet Petroleum Syndicate, Moscow, and will load a cargo in the Black Sea at the end of this month consigned to Dairen. (Item No. 1, A)

US Embassy, Rangoon, discounts as possibly political tactics the recent announcement by the Minister for Kachin Affairs that the Ledo Road between Burma and India, which has been under intermittent improvement for some time, will probably again be in use by February, 1950. The Government is apparently trying to bolster its sagging prestige, which has suffered from a succession of failures. (Item No. 2, B)

The race between advocates of the proposed Grand St. Bernard and Mont Blanc trans-Alpine road tunnels on the Italian-Swiss-French border has entered a new phase. According to a communique issued by the Swiss Government, it has accepted the invitation of the Governments of France and Italy and has delegated a representative to a Mixed Commission which will investigate the possibility of a quick realization of the project for a road tunnel through Mont Blanc. (Item No. 3, B)

Seven Satellite delegations attended the recent International Railway Conference in Amsterdam, which studied the regulations for the international carriage of goods. The fact that Amsterdam witnessed the largest Satellite attendance of any East-West conference of this type in many months, however, does not indicate any change of heart in the Satellite orbit or an intention to cooperate more closely with the Western European nations. (Item No. 4, C)

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The Chinese Communists are hopeful that British legal restrictions will keep grounded at Hong Kong the 60-odd air transports of China National Air Transport (CNAC) and Central Air Transport Company (CATC) until British recognition is accorded to the Peiping regime. In this event the new Chinese Government would have a strong claim to title of the aircraft. (Item No. 5, B)

The USSR may now have received its first US air transport of postwar design. (Item No. 6, B)

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SECTION II. CURRENT DEVELOPMENTS**SURFACE TRANSPORTATION**

1. The KETTLEMAN HILLS, a US-flag tanker which carried oil from the Black Sea to the Soviet Far East in August, has again been chartered for one voyage to the Soviet Petroleum Syndicate, Moscow, and will load a cargo in the Black Sea at the end of this month consigned to Dairen.

Stockpiling may be the immediate motivation for these movements. It is unlikely that the USSR would permanently organize the distribution of oil except through the use of Soviet facilities which it could confidently expect to control in any emergency. The fact that the supply line from the Black Sea would be subject to almost certain interruption during hostilities suggests strongly that these movements are considered as special shipments. Dairen, with its extensive storage facilities, would be well suited for the accumulation of reserve stocks. (Secret)

2. US Embassy, Rangoon, discounts as possibly political tactics the recent announcement by the Minister for Kachin Affairs that the Ledo Road between Burma and India, which has been under intermittent improvement for some time, will probably again be in use by February, 1950. The Government is apparently trying to bolster its sagging prestige, which has suffered from a succession of failures. The announcement asserted that a flourishing trade will develop between Burma and India over the road, thus providing an alternate to the outlet via Rangoon, which is subject to interference by insurgent activity. If the road is opened, however, the trade will probably consist mainly of a small amount of consumer goods shipped from India to northern Burma, which cannot be obtained from Rangoon at present. Meanwhile, an official at the Indian Embassy in Rangoon has indicated that his government may not cooperate in the opening of the Ledo road because (a) the amount of rice available for shipment to India is very small; (b) India would need to make a considerable expenditure to restore its portion of the road; and (c) opening the road would increase the problem of illegal entry and smuggling from Burma. (Confidential)

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The gap between advocates of the proposed Grand St. Bernard and Mont Blanc Alpine road tunnels on the Italian-Swiss-French border has been closed. According to a communique issued by the Swiss Government, it has accepted the invitation of the Governments of France and Italy to designate a representative to a Mixed Commission which will study the possibility of a quick realization of the project for a road tunnel through Mont Blanc.

While the Swiss Government probably does not indicate that it is aware of the conflicting interests within Switzerland, Swiss opposition to construction of the Mont Blanc project have emanated principally from Geneva, which is in the area of Switzerland that would benefit from the Mont Blanc tunnel. A Geneva organization, the Syndicat pour le percement du Mont-Blanc, has delegated two Cantonal Councillors, Jean Treina and Francois Perreard, as joint heads of the group which will safeguard the Syndicat's interest before the Mixed Commission.

Despite the sentiment in Geneva for the Mont Blanc project, the St. Bernard tunnel appears to be more logical because traffic could proceed southwards from Lausanne without any serious mountain barriers, whereas the route to the west and north of Mont Blanc is more mountainous. The Italian approach road to Mont Blanc, moreover, is not yet available. (Restricted)

Seven Satellite delegations attended the recent International Railway Conference in Amsterdam which studied the regulations for the international carriage of goods. A total of nineteen European countries was represented. The fact that Amsterdam witnessed the largest Satellite attendance of any post-war conference of this type in many months, however, does not indicate any change of heart in the Satellite orbit or an intention to cooperate more closely with the Western European nations. Unless the Satellite Nations wish to sever all rail connections with Western Europe, with which they must trade to survive, they are forced to participate in the periodic international technical conferences on railway matters. (Restricted)

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CIVIL AVIATION

6. The Chinese Communists are hopeful that British legal restrictions will keep grounded at Hong Kong the 60-odd air transports of China National Air Transport (CNAC) and Central Air Transport Company (CATC) until British recognition is accorded to the Peiping regime. In this event the new Chinese Government would have a strong claim to title to the aircraft. Any attempt by the Nationalists, meanwhile, to evacuate the transport fleet to Taiwan or Hainan Island would be resisted, even to the point of sabotage, by the employees of both companies now at Hong Kong who number some 4,000 persons, most of whom have already sided with those who recently escaped to Peiping. On the other hand, it is doubtful whether, having gained title to the aircraft, the Communists would make an immediate effort to remove them from British protection, because of their vulnerability while airborne to attack by the Nationalist Air Force.

It is likely, therefore, that present Communist plans for the restoration of scheduled air operations on the mainland are limited to the establishment of essential services connecting Peiping with Northwest China. The twelve CNAC and CATC transports which are now in Communist hands are adequate for this purpose. (Secret)

6. The USSR may now have received its first US air transport of postwar design. This aircraft, a twin-engine Consolidated Vultee Convair Liner 240, was one of six, ordered and paid for by Central Air Transport Company (CATC), wholly owned by the Chinese Nationalist Government. Only recently delivered by the US manufacturers, it was among the twelve transports which recently defected en masse to the Peiping Communists who, according to reports, promptly dispatched it to Moscow as a prototype for Soviet aeronautical engineers. The poor performance of the USSR's own postwar twin-engine transport, the IL-12, will serve to emphasize the value of this new acquisition.

The Convair 240, certificated for commercial use in 1948, is powered with Pratt and Whitney engines developing 2400 h.p.; cruises at 300 m.p.h. carrying 40 passengers and a crew of four. The IL-12, by comparison, has ASH-82-112 engines providing 1700 h.p.; cruises at 200 m.p.h. with 27 passengers and a crew of five. (Restricted)

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